



SHELBY COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1999

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 2000-64  
July 31, 2000  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**AUDIT REPORT**



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

July 2000

[www.auditor.state.mo.us](http://www.auditor.state.mo.us)

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Shelby, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

-----  
This audit of Shelby County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county imposed a sales tax under Section 67.547, RSMo 1994, (a general sales tax) for the purpose of establishing an enhanced 911 emergency telephone service; however, the county also has another one-half of one percent sales tax levy imposed under the same section of law. With this additional sales tax, the county is levying one percent under this section of law, which is apparently above the statutory maximum allowed by state law. The county could have submitted this issue to voters under a different section of state law.
- The county does not have a procedure in place to adequately track federal assistance for preparation of the schedule of expenditures of federal awards. Without an accurate schedule, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.
- One case handled by the Public Administrator has a promissory note receivable. Based upon information provided by the Public Administrator's attorney and the terms of the note, the balance reported as due was considerably understated on the annual settlement prepared by the Public Administrator.

(over)

YELLOW SHEET

It was noted that the Public Administrator inconsistently charges fees on various types of transactions and does not provide calculations of his fees to the Probate Court. There is no written policy identifying the types of monies received or transactions which should be considered as income.

Also included in the audit are recommendations to improve the county's federal cash management procedures, purchasing procedures and fixed asset records. Additional recommendations were made to improve controls in the County Collector and Public Administrator records.

**Copies of the audit are available upon request.**

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

		<u>Page</u>
<u>FINANCIAL SECTION</u>		
	State Auditor's Reports: .....	2-6
	Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
	Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	5-6
	Financial Statements: .....	7-24
<u>Exhibit</u>	<u>Description</u>	
	Statement of Receipts, Disbursements, and Changes in Cash - Various Funds	
A-1	Year Ended December 31, 1999 .....	8
A-2	Year Ended December 31, 1998 .....	9
	<u>General Revenue Fund</u>	
B	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	10
	<u>Special Road and Bridge Fund</u>	
C	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	11
	<u>Assessment Fund</u>	
D	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	12
	<u>Law Enforcement Training Fund</u>	
E	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	13
	<u>Prosecuting Attorney Training Fund</u>	
F	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	14

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

Page

FINANCIAL SECTION

---

Financial Statements:

<u>Exhibit</u>	<u>Description</u>	
	<u>Health Center Fund</u>	
G	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	15
	<u>Prosecuting Attorney Fees Fund</u>	
H	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	16
	<u>Recorder User Fees Fund</u>	
I	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	17
	<u>Childrens Trust/Domestic Violence Fund</u>	
J	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	18
	<u>Sheriff Civil Fees Fund</u>	
K	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	19
	<u>Emergency 911 Fund</u>	
L	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	20
	<u>Chemical Emergency Preparedness Fund</u>	
M	Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....	21

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Financial Statements:	
<u>Exhibit</u>	<u>Description</u>
N	<u>Associate Circuit and Probate Interest Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999 .....22
O	<u>Circuit Clerk and Recorder Interest Fund</u> Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Year Ended December 31, 1999 .....23
P	<u>Law Library Fund</u> Comparative Statement of Receipts, Disbursements, and Changes in Cash - Budget and Actual, Years Ended December 31, 1999 and 1998 .....24
	Notes to the Financial Statements..... 25-28
	Supplementary Schedule:..... 29-31
	Schedule of Expenditures of Federal Awards, Years Ended December 31, 1999 and 1998 ..... 30-31
	Notes to the Supplementary Schedule ..... 32-34
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
	State Auditor's Report: ..... 36-38
	Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133..... 37-38
	Schedule:..... 39-43
	Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 1999 and 1998..... 40-43
	Section I - Summary of Auditor's Results..... 40-41

SHELBY COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>FEDERAL AWARDS - SINGLE AUDIT SECTION</u>	
Section II - Financial Statement Findings .....	41
<u>Number</u>	<u>Description</u>
99-1.	Emergency 911 Sales Tax.....41
Section III - Federal Award Findings and Questioned Costs .....	41-43
99-2.	Schedule of Expenditures of Federal Awards.....41
99-3.	Cash Management.....42
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	44-45
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	46-48
<u>MANAGEMENT ADVISORY REPORT SECTION</u>	
Management Advisory Report - State Auditor's Findings .....	50-58
<u>Number</u>	
1.	County Procedures .....
2.	General Fixed Assets Records and Procedures.....
3.	Public Administrator Controls and Procedures .....
4.	County Collector Controls and Procedures.....
Follow-Up on Prior Audit Findings .....	59-63
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	65-70

FINANCIAL SECTION

State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

To the County Commission  
and  
Officeholders of Shelby County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 1999 and 1998, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Shelby County.

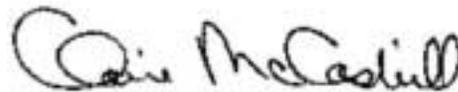
In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31,

1999 and 1998, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated March 30, 2000, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Shelby County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

March 30, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Brenda Gierke, CPA
Audit Staff:	Andrea Higgins Sarah Glosemeyer



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Shelby County, Missouri

We have audited the special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

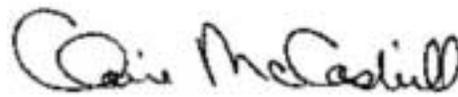
As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Shelby County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Shelby County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

March 30, 2000 (fieldwork completion date)

## Financial Statements

Exhibit A-1

SHELBY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1999

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 105,245	835,857	749,766	191,336
Special Road and Bridge	79,352	869,084	749,529	198,907
Assessment	14,936	89,757	100,594	4,099
Law Enforcement Training	14,150	4,237	5,787	12,600
Prosecuting Attorney Training	319	590	456	453
Health Center	99,380	363,638	367,311	95,707
Prosecuting Attorney Fees	18,361	3,875	828	21,408
Recorder User Fees	13,762	3,808	6,630	10,940
Children's Trust/Domestic Violence	1,998	308	0	2,306
Sheriff Civil Fees	8,504	12,920	9,981	11,443
Emergency 911	157,696	228,424	209,614	176,506
Chemical Emergency Preparedness	3,138	176	0	3,314
Associate Circuit and Probate Interest	2,471	907	1,429	1,949
Circuit Clerk and Recorder Interest	14,050	5,461	5,487	14,024
Law Library	2,799	3,471	2,030	4,240
Sheriff Escrow	3,940	0	3,940	0
Sound Recording Equipment	0	580	0	580
Parent Education	0	245	0	245
Total	\$ 540,101	2,423,338	2,213,382	750,057

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit A-2

SHELBY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 143,033	722,765	760,553	105,245
Special Road and Bridge	102,916	1,029,782	1,053,346	79,352
Assessment	2,913	111,043	99,020	14,936
Law Enforcement Training	16,012	4,821	6,683	14,150
Prosecuting Attorney Training	217	628	526	319
Health Center	74,508	366,343	341,471	99,380
Prosecuting Attorney Fees	14,615	4,360	614	18,361
Recorder User Fees	10,805	3,586	629	13,762
Children's Trust/Domestic Violence	1,791	207	0	1,998
Sheriff Civil Fees	3,375	11,046	5,917	8,504
Emergency 911	15,599	201,364	59,267	157,696
Chemical Emergency Preparedness	2,987	151	0	3,138
Associate Circuit and Probate Interest	3,164	1,143	1,836	2,471
Circuit Clerk and Recorder Interest	11,170	6,221	3,341	14,050
Law Library	892	2,955	1,048	2,799
Sheriff Escrow	3,940	0	0	3,940
CDBG	0	28,019	28,019	0
Total	\$ 407,937	2,494,434	2,362,270	540,101

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 194,099	199,809	5,710	170,219	185,419	15,200
Sales taxes	318,000	376,271	58,271	357,000	317,323	(39,677)
Intergovernmental	51,260	61,430	10,170	63,790	64,145	355
Charges for services	99,076	111,247	12,171	97,161	99,516	2,355
Interest	12,500	12,151	(349)	12,000	13,318	1,318
Other	81,290	74,949	(6,341)	28,350	43,044	14,694
Transfers in	35,000	0	(35,000)	37,500	0	(37,500)
Total Receipts	<u>791,225</u>	<u>835,857</u>	<u>44,632</u>	<u>766,020</u>	<u>722,765</u>	<u>(43,255)</u>
<b>DISBURSEMENTS</b>						
County Commission	57,185	56,710	475	41,690	41,321	369
County Clerk	57,315	50,712	6,603	51,005	48,510	2,495
Elections	8,600	1,197	7,403	20,600	18,607	1,993
Buildings and grounds	56,600	42,479	14,121	62,100	34,030	28,070
Employee fringe benefits	93,000	83,116	9,884	94,000	81,453	12,547
County Treasurer	25,000	24,564	436	19,000	18,339	661
County Collector	45,309	43,582	1,727	41,836	41,625	211
Ex Officio Recorder of Deeds	25,348	22,242	3,106	24,148	23,271	877
Associate Circuit Court	9,600	8,889	711	8,250	6,564	1,686
Associate Circuit (Probate)	500	284	216	2,400	253	2,147
Court administration	11,150	1,026	10,124	9,450	464	8,986
Public Administrator	11,000	10,678	322	11,100	11,346	(246)
Sheriff	172,617	166,642	5,975	174,442	165,526	8,916
Jail	104,165	86,687	17,478	93,600	84,031	9,569
Prosecuting Attorney	62,724	57,872	4,852	59,173	49,262	9,911
Juvenile Officer	40,579	34,234	6,345	55,236	48,431	6,805
County Coroner	8,050	5,966	2,084	7,800	6,222	1,578
Other	15,368	10,424	4,944	15,760	10,422	5,338
University Extension	20,000	20,000	0	25,200	25,200	0
Insurance and bonds	25,000	10,011	14,989	25,000	16,276	8,724
Transfers out	12,451	12,451	0	29,400	29,400	0
Emergency Fund	22,000	0	22,000	35,000	0	35,000
Total Disbursements	<u>883,561</u>	<u>749,766</u>	<u>133,795</u>	<u>906,190</u>	<u>760,553</u>	<u>145,637</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(92,336)	86,091	178,427	(140,170)	(37,788)	102,382
CASH, JANUARY 1	105,245	105,245	0	143,033	143,033	0
CASH, DECEMBER 31	<u>\$ 12,909</u>	<u>191,336</u>	<u>178,427</u>	<u>2,863</u>	<u>105,245</u>	<u>102,382</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit C

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 175,000	175,496	496	170,000	175,713	5,713
Sales taxes	62,000	78,737	16,737	70,000	60,096	(9,904)
Intergovernmental	835,400	575,809	(259,591)	840,800	757,059	(83,741)
Charges for services	10,000	15,271	5,271	10,000	12,206	2,206
Interest	10,000	9,529	(471)	10,000	12,430	2,430
Other	11,500	14,242	2,742	15,310	12,278	(3,032)
Total Receipts	1,103,900	869,084	(234,816)	1,116,110	1,029,782	(86,328)
DISBURSEMENTS						
Salaries	233,318	228,930	4,388	243,980	225,024	18,956
Employee fringe benefits	69,200	54,343	14,857	74,200	55,311	18,889
Supplies	70,700	57,462	13,238	75,700	58,270	17,430
Insurance	12,000	9,991	2,009	12,000	11,448	552
Road and bridge materials	301,600	253,750	47,850	325,600	331,226	(5,626)
Equipment repairs	40,000	42,149	(2,149)	50,000	29,271	20,729
Rentals	1,000	565	435	1,000	215	785
Equipment purchases	90,000	69,728	20,272	125,000	117,362	7,638
Construction, repair, and maintenance	303,500	30,057	273,443	254,000	222,073	31,927
Other	4,150	2,554	1,596	4,150	3,146	1,004
Transfers out	35,000	0	35,000	37,500	0	37,500
Total Disbursements	1,160,468	749,529	410,939	1,203,130	1,053,346	149,784
RECEIPTS OVER (UNDER) DISBURSEMENTS	(56,568)	119,555	176,123	(87,020)	(23,564)	63,456
CASH, JANUARY 1	65,972	79,352	13,380	90,131	102,916	12,785
CASH, DECEMBER 31	\$ 9,404	198,907	189,503	3,111	79,352	76,241

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ASSESSMENT FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 81,216	75,654	(5,562)	79,100	80,075	975
Interest	1,000	967	(33)	950	1,278	328
Other	275	685	410	750	290	(460)
Transfers in	12,451	12,451	0	37,276	29,400	(7,876)
Total Receipts	94,942	89,757	(5,185)	118,076	111,043	(7,033)
DISBURSEMENTS						
Assessor	108,053	100,594	7,459	113,113	99,020	14,093
Total Disbursements	108,053	100,594	7,459	113,113	99,020	14,093
RECEIPTS OVER (UNDER) DISBURSEMENTS	(13,111)	(10,837)	2,274	4,963	12,023	7,060
CASH, JANUARY 1	14,936	14,936	0	2,913	2,913	0
CASH, DECEMBER 31	\$ 1,825	4,099	2,274	7,876	14,936	7,060

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW ENFORCEMENT TRAINING FUND

	Year Ended December 31,				
	1999			1998	
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual
RECEIPTS					
Intergovernmental	\$ 1,100	1,089	390	934	934
Charges for services	2,000	2,390	(92)	1,216	2,517
Interest	850	758	(300)	900	965
Other	300	0	(11)	0	405
Total Receipts	4,250	4,237	(13)	3,050	4,821
DISBURSEMENTS					
Sheriff	15,100	5,787	9,313	15,950	6,683
Total Disbursements	15,100	5,787	9,313	15,950	6,683
RECEIPTS OVER (UNDER) DISBURSEMENTS	(10,850)	(1,550)	9,300	(12,900)	(1,862)
CASH, JANUARY 1	14,150	14,150	0	16,012	16,012
CASH, DECEMBER 31	\$ 3,300	12,600	9,300	3,112	14,150

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY TRAINING FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 600	590	(10)	800	628	(172)
Total Receipts	600	590	(10)	800	628	(172)
DISBURSEMENTS						
Prosecuting Attorney	700	456	244	1,000	526	474
Total Disbursements	700	456	244	1,000	526	474
RECEIPTS OVER (UNDER) DISBURSEMENTS	(100)	134	234	(200)	102	302
CASH, JANUARY 1	319	319	0	217	217	0
CASH, DECEMBER 31	\$ 219	453	234	17	319	302

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 98,884	97,094	(1,790)	96,438	96,423	(15)
Intergovernmental	138,172	152,638	14,466	143,112	163,775	20,663
Charges for services	61,000	94,152	33,152	60,000	80,031	20,031
Interest	5,000	6,321	1,321	4,500	6,066	1,566
Other	11,000	13,433	2,433	11,500	20,048	8,548
Total Receipts	314,056	363,638	49,581	315,550	366,343	50,793
DISBURSEMENTS						
Salaries	324,300	276,620	47,680	241,636	263,099	(21,463)
Office expenditures	19,300	21,836	(2,536)	17,850	17,674	176
Equipment	5,500	13,210	(7,710)	5,000	7,096	(2,096)
Mileage and training	27,900	25,563	2,337	25,415	27,842	(2,427)
Other	36,370	30,081	6,289	100,107	25,760	74,347
Total Disbursements	413,370	367,311	46,060	390,008	341,471	48,537
RECEIPTS OVER (UNDER) DISBURSEMENTS	(99,314)	(3,673)	95,641	(74,458)	24,872	92,716
CASH, JANUARY 1	99,314	99,380	66	74,458	74,508	50
CASH, DECEMBER 31	\$ 0	95,707	95,707	0	99,380	92,765

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit H

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 PROSECUTING ATTORNEY FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,312	2,835	(477)	3,630	3,612	(18)
Interest	200	1,040	840	0	748	748
Total Receipts	<u>3,512</u>	<u>3,875</u>	<u>363</u>	<u>3,630</u>	<u>4,360</u>	<u>730</u>
DISBURSEMENTS						
Prosecuting Attorney	20,050	828	19,222	9,000	614	8,386
Total Disbursements	<u>20,050</u>	<u>828</u>	<u>19,222</u>	<u>9,000</u>	<u>614</u>	<u>8,386</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(16,538)	3,047	19,585	(5,370)	3,746	9,116
CASH, JANUARY 1	18,361	18,361	0	14,615	14,615	0
CASH, DECEMBER 31	<u>\$ 1,823</u>	<u>21,408</u>	<u>19,585</u>	<u>9,245</u>	<u>18,361</u>	<u>9,116</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 RECORDER USER FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 3,000	3,474	474	3,200	2,930	(270)
Interest	650	334	(316)	650	656	6
Total Receipts	<u>3,650</u>	<u>3,808</u>	<u>158</u>	<u>3,850</u>	<u>3,586</u>	<u>(264)</u>
DISBURSEMENTS						
Ex Officio Recorder of Deeds	13,000	6,630	6,370	7,000	629	6,371
Total Disbursements	<u>13,000</u>	<u>6,630</u>	<u>6,370</u>	<u>7,000</u>	<u>629</u>	<u>6,371</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,350)	(2,822)	6,528	(3,150)	2,957	6,107
CASH, JANUARY 1	13,762	13,762	0	10,805	10,805	0
CASH, DECEMBER 31	<u>\$ 4,412</u>	<u>10,940</u>	<u>6,528</u>	<u>7,655</u>	<u>13,762</u>	<u>6,107</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit J

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CHILDREN'S TRUST/DOMESTIC VIOLENCE FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 210	308	98	200	207	7
Total Receipts	210	308	98	200	207	7
DISBURSEMENTS						
Health and welfare	2,000	0	2,000	1,700	0	1,700
Total Disbursements	2,000	0	2,000	1,700	0	1,700
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,790)	308	2,098	(1,500)	207	1,707
CASH, JANUARY 1	1,998	1,998	0	1,791	1,791	0
CASH, DECEMBER 31	\$ 208	2,306	2,098	291	1,998	1,707

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SHERIFF CIVIL FEES FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 8,000	12,217	4,217	7,000	10,659	3,659
Interest	300	703	403	0	387	387
Total Receipts	8,300	12,920	4,620	7,000	11,046	4,046
DISBURSEMENTS						
Sheriff	16,000	9,981	6,019	9,000	5,917	3,083
Total Disbursements	16,000	9,981	6,019	9,000	5,917	3,083
RECEIPTS OVER (UNDER) DISBURSEMENTS	(7,700)	2,939	10,639	(2,000)	5,129	7,129
CASH, JANUARY 1	8,504	8,504	0	3,375	3,375	0
CASH, DECEMBER 31	\$ 804	11,443	10,639	1,375	8,504	7,129

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 EMERGENCY 911 FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Sales taxes	\$ 197,000	215,543	18,543	215,000	197,249	(17,751)
Interest	3,000	9,948	6,948	6,155	4,101	(2,054)
Other	0	2,933	2,933	0	14	14
Total Receipts	200,000	228,424	28,424	221,155	201,364	(19,791)
DISBURSEMENTS						
Salaries	55,680	56,271	(591)	0	0	0
Road Signs	7,500	6,802	698	7,000	1,176	5,824
Equipment expense	155,500	87,320	68,180	0	0	0
Mileage and training	9,000	11,506	(2,506)	0	0	0
Project management-consulting	0	0	0	58,750	53,444	5,306
Addressing and mapping	40,000	7,309	32,691	16,910	0	16,910
Other	43,293	40,406	2,887	7,500	4,647	2,853
Total Disbursements	310,973	209,614	101,359	90,160	59,267	30,893
RECEIPTS OVER (UNDER) DISBURSEMENTS	(110,973)	18,810	129,783	130,995	142,097	11,102
CASH, JANUARY 1	157,696	157,696	0	15,599	15,599	0
CASH, DECEMBER 31	\$ 46,723	176,506	129,783	146,594	157,696	11,102

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit M

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CHEMICAL EMERGENCY PREPAREDNESS FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental revenues	\$ 500	0	(500)	3,000	0	(3,000)
Interest	50	176	126	0	151	151
Total Receipts	550	176	(374)	3,000	151	(2,849)
DISBURSEMENTS						
Services	3,000	0	3,000	3,000	0	3,000
Total Disbursements	3,000	0	3,000	3,000	0	3,000
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,450)	176	2,626	0	151	151
CASH, JANUARY 1	3,138	3,138	0	2,987	2,987	0
CASH, DECEMBER 31	\$ 688	3,314	2,626	2,987	3,138	151

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

SHELBY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 ASSOCIATE CIRCUIT AND PROBATE INTEREST FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 0	907	907
Total Receipts	0	907	907
DISBURSEMENTS			
Associate Circuit Judge	2,400	1,429	971
Total Disbursements	2,400	1,429	971
RECEIPTS OVER (UNDER) DISBURSEMENTS	(2,400)	(522)	1,878
CASH, JANUARY 1	2,480	2,471	(9)
CASH, DECEMBER 31	\$ 80	1,949	1,869

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

SHELBY COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 CIRCUIT CLERK AND RECORDER INTEREST FUND

	Year Ended December 31,		
	1999		
	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS			
Interest	\$ 500	5,461	4,961
Total Receipts	500	5,461	4,961
DISBURSEMENTS			
Circuit Clerk	2,000	5,487	(3,487)
Total Disbursements	2,000	5,487	(3,487)
RECEIPTS OVER (UNDER) DISBURSEMENTS	(1,500)	(26)	1,474
CASH, JANUARY 1	7,304	14,050	6,746
CASH, DECEMBER 31	\$ 5,804	14,024	8,220

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

SHELBY COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 LAW LIBRARY FUND

	Year Ended December 31,					
	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$ 2,500	3,410	910	0	2,955	2,955
Interest	0	61	61	0	0	0
Total Receipts	<u>2,500</u>	<u>3,471</u>	<u>971</u>	<u>0</u>	<u>2,955</u>	<u>2,955</u>
DISBURSEMENTS						
Office expenses	1,500	2,030	(530)	1,148	1,048	100
Total Disbursements	<u>1,500</u>	<u>2,030</u>	<u>(530)</u>	<u>1,148</u>	<u>1,048</u>	<u>100</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,000	1,441	441	(1,148)	1,907	3,055
CASH, JANUARY 1	2,799	2,799	0	892	892	0
CASH, DECEMBER 31	<u>\$ 3,799</u>	<u>4,240</u>	<u>441</u>	<u>(256)</u>	<u>2,799</u>	<u>3,055</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Notes to the Financial Statements

SHELBY COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Shelby County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, or the Health Center Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed by warrant or in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1999, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Escrow Fund	1999 and 1998
Associate Clerk and Probate Interest Fund	1998
Circuit Clerk and Recorder Interest Fund	1998
Sound Recording Equipment Fund	1999
Parent Education Fund	1999
CDBG Fund	1998

Warrants issued in excess of budgeted amounts for the Circuit Clerk and Recorder Interest Fund and the Law Library Fund in 1999.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Escrow Fund	1999 and 1998
Law Library Fund	1999 and 1998
Children's Trust/Domestic Violence Fund	1999 and 1998
Associate Circuit and Probate Interest Fund	1999 and 1998
Circuit Clerk and Recorder Interest Fund	1999 and 1998
Sound Recording Equipment Fund	1999
Parent Education Fund	1999
CDBG Fund	1998

In addition, the amounts presented in the published financial statements for the Health Center Fund included only those amounts which passed through the County Treasurer.

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1999, requires political subdivisions with authority to invest in instruments other than depository accounts at financial institutions to adopt a written investment policy. Among

other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's and the health center's deposits at December 31, 1999 and 1998, were entirely covered by federal depository insurance or by collateral securities held by the county's or health center's respective holding bank in the county's or health center's name, respectively.

Supplementary Schedule

Schedule

SHELBY COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
U. S. DEPARTMENT OF AGRICULTURE				
Passed through state:				
Department of Health -				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	ER0045-8203 ER0045-9203 ER0045-0203	\$ 25,697	23,168
U.S. DEPARTMENT OF DEFENSE				
Passed through state:				
Department of Public Safety-				
12.unknown	Surplus Property	NA	0	158
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through state:				
Department of Economic Development -				
14.219	Community Development Block Grant Program	91PF555	0	28,019
U.S. DEPARTMENT OF JUSTICE				
Direct programs:				
16.710	Public Safety Partnership and Community Policing Grants	96UMWX0232	16,731	31,225
Passed through:				
Missouri Sheriffs' Association -				
16.unknown	Domestic Cannabis Eradication/Suppression Program	99-58 98-59	850 0	0 1,000
			<u>850</u>	<u>1,000</u>
U. S. DEPARTMENT OF TRANSPORTATION				
Passed through state Highway and Transportation Commission:				
20.205	Highway Planning and Construction	BRO 102 (14) BRO 102 (15)	0 15,281	180,476 23,789
			<u>15,281</u>	<u>204,265</u>

Schedule

SHELBY COUNTY, MISSOURI  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			1999	1998
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through state:				
Department of Health -				
93.197	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	ERO146-9203 ERO146-0203	771	0
93.268	Immunization Grants	NA	14,948	13,611
		PG0064-9203 PG0064-8203	660	3,560
			<u>15,608</u>	<u>17,171</u>
Department of Social Services -				
93.563	Child Support Enforcement	NA	645	2,150
Department of Health -				
93.575	Child Care and Development Block Grant	PGA067-0203S	420	0
		PGA067-0203C ERO146-9203 ERO146-7203	3,129	0
			<u>3,549</u>	<u>0</u>
93.991	Preventive Health and Health Services Block Grant	NA	178	1,237
		AOC9000113 AOC0380172 AOCB000076	19,881	16,211
			<u>20,059</u>	<u>17,448</u>
93.994	Maternal and Child Health Block Grant	NA	890	354
		ERS146-0203 ERO146-9203 ERO146-8203	21,139	21,508
			<u>22,029</u>	<u>21,862</u>
	Total Expenditures of Federal Awards		<u>\$ 121,220</u>	<u>346,466</u>

N/A - Not applicable

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Notes to the Supplementary Schedule

SHELBY COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Shelby County, Missouri.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Surplus Property (CFDA number 12.unknown) represent the estimated fair market value of property at the time of receipt.

Of the amounts for Immunization Grants (CFDA number 93.268), \$14,948 and \$13,611 represent the original acquisition cost of other vaccines purchased by the

Centers for Disease Control but distributed to the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Preventive Health and Health Services Block Grant (CFDA number 93.991), \$178 and \$1,237 represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. Of the amounts for the Maternal and Child Health Services Block Grant to the States (CFDA number 93.994), \$890 and \$354 also represent the original acquisition cost of vaccines received by the Health Center through the state Department of Health during the years ended December 31, 1999 and 1998. The remaining pass-through amounts for Immunization Grants, the Preventive Health and Health Services Block Grant, and the Maternal and Child Health Services Block Grant to the States represent cash disbursements.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 1999 and 1998.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Shelby County, Missouri

Compliance

We have audited the compliance of Shelby County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. The county's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Shelby County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998. However, the results of our auditing procedures disclosed

instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 99-2 and 99-3.

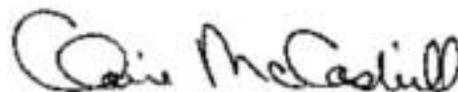
#### Internal Control Over Compliance

The management of Shelby County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Shelby County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

March 30, 2000 (fieldwork completion date)

Schedule

SHELBY COUNTY, MISSOURI  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
 YEARS ENDED DECEMBER 31, 1999 AND 1998

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?        yes   x   no

Reportable conditions identified that are not considered to be material weaknesses?        yes   x   none reported

Noncompliance material to the financial statements noted?   x   yes        no

Federal Awards

Internal control over major programs:

Material weaknesses identified?        yes   x   no

Reportable condition identified that is not considered to be a material weakness?   x   yes        none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?   x   yes        no

Identification of major programs:

<u>CFDA or Other Identifying Number</u>	<u>Program Title</u>
20.205	Highway Planning and Construction
93.991	Preventive Health and Health Services Block Grant



Identifying Number: A0C9000113, A0C0380172, and A0CB000076  
 Award Year: 1999 and 1998  
 Questioned Costs: Not applicable

Federal Grantor: U.S. Department of Transportation  
 Pass-Through Grantor: State Highway and Transportation Commission  
 Federal CFDA Number: 20.205  
 Program Title: Highway Planning and Construction  
 Pass-Through Entity  
 Identifying Number: BRO 102(14) and BRO 102(15)  
 Award Years: 1999 and 1998  
 Questioned Costs: Not applicable

Section .310(b) of Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, requires the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements. The county is required to submit the SEFA to the State Auditor's Office as part of the annual budget.

The county does not have a procedure in place to adequately track federal assistance for preparation of the SEFA. The county prepared a SEFA for the years ended December 31, 1999 and 1998; however, the information presented for all but one of the programs did not agree with the county's expenditure records.

Without an accurate SEFA, federal financial activity may not be audited and reported in accordance with federal audit requirements which could result in future reductions of federal funds.

**WE RECOMMEND** the County Clerk prepare a complete and accurate schedule of expenditures of federal awards to submit to the State Auditor's Office as part of the annual budget.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Clerk indicated she will attempt to prepare an accurate schedule of expenditures of federal awards for the year ended December 31, 2000.*

<b>99-3.</b>	<b>Cash Management</b>
--------------	------------------------

Federal Grantor: U.S. Department of Transportation  
 Pass-Through Grantor: State Highway and Transportation Commission  
 Federal CFDA Number: 20.205  
 Program Title: Highway Planning and Construction  
 Pass-Through Entity  
 Identifying Number: BRO 102(14)

Award Year: 1998  
Questioned Costs: Not applicable

The county contracts with the State Highway and Transportation Commission for bridge replacement and rehabilitation under the Off-System Bridge Replacement and Rehabilitation Program. The county normally pays such expenditures as the liability is incurred and prior to the reimbursement; however, we noted one reimbursement totaling \$89,527 was held 182 days from the date of receipt until the related payment was made.

Section 6.2.2 of the Cash Management Improvement Act Agreement between the State of Missouri and the Secretary of the Treasury, United States Department of the Treasury, states that funds shall be requested such that they are received not more than two days prior to disbursement of those funds.

Non-compliance with the Cash Management Improvement Act Agreement could result in future reductions of federal funds.

**WE RECOMMEND** the County Commission establish procedures to minimize the time elapsed between the receipt of federal funds and the disbursement of such funds.

**AUDITEE'S RESPONSE AND PLAN FOR CORRECTIVE ACTION**

*The County Commission indicated the engineering firm notified the county that there was a prevailing wage rate dispute involving the contractor. The County Commission held the monies until the matter was resolved. There are procedures in place to minimize time elapsed between the receipt and disbursement of federal funds; this was an exception.*

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

SHELBY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Our prior audit report issued for the three years ended December 31, 1997, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

SHELBY COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

1. County Procedures

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	State Highway and Transportation Commission
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 102(8) and BRO 102(11)
Award Year:	1996 and 1995
Questioned Costs:	Not applicable

Federal Grantor:	U.S. Department of Housing and Urban Development
Pass-Through Grantor:	State Department of Economic Development
Federal CFDA Number:	14.219
Program Title:	Community Development Block Grant Program
Pass-Through Entity	
Identifying Number:	91PF555
Award Year:	1997
Questioned Costs:	Not applicable

- B. During the years ended December 31, 1996 and 1995, two reimbursements from the Missouri Department of Transportation for bridge replacement and rehabilitation totaling \$76,251 were held from 74 to 104 days and one reimbursement of \$17,067 which was held 330 days before the related payments were made. In addition, one reimbursement of \$11,796 for a Community Development Block Grant project was held 18 days before the related payments were made.

Recommendation:

- B. The County Commission consult with the grantor agencies to resolve the questioned costs. In addition, the County Commission should establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

Status:

- B. Not implemented. The County Clerk has contacted the Missouri Department of Transportation and is working to resolve this situation. See finding number 99-3.

MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

SHELBY COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Shelby County, Missouri, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000. We also have audited the compliance of Shelby County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 30, 2000.

We also have reviewed the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this review were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable constitutional, statutory, or contractual provisions.

Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our review, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our review of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial

statements of Shelby County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

<b>1.</b>	<b>County Procedures</b>
-----------	--------------------------

- A. Bids were not always solicited, nor was bid documentation always retained for various purchases of used equipment made by the county during the audit period. Examples of items purchased for which bids were not solicited or adequate documentation could not be located are as follows:

ITEM PURCHASED	COST
Used Ford Dump Truck	\$ 10,000
Supreme Heil Truck Pup	12,000
Ford XLT 150 Truck	<u>6,000</u>
TOTAL	\$ <u>28,000</u>

Section 50.660, RSMo Cumulative Supp. 1999, requires the advertisement for bids for all purchases of \$4,500 or more, from any one person, firm, or corporation during any period of ninety days.

Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidders. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business. Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices when available, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

- B. During the years ended December 31, 1999 and 1998, the county paid an engineering firm approximately \$4,300 and \$2,300, respectively, to design the Emergency 911 office and the courthouse basement, respectively.

There was no evidence that at least three engineering firms were considered, no contract documenting the rights and obligations of each party, and no evidence that an estimate of the amount the county was able to spend on the project was provided to the engineering firm.

Failure to adequately plan, solicit services and document agreements related to county projects may result in misunderstandings between the parties involved and unnecessary expenditures for the county.

In addition, Section 8.291, RSMo 1994, provides that when engineering services are obtained, the qualifications of at least three firms shall be considered. Section 432.070, RSMo 1994, prohibits a county from making a contract unless it is in writing.

Condition A was similarly noted in the previous four reports.

**WE RECOMMEND** the County Commission:

- A. Solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.
- B. Consider the amount the county can afford for construction and renovation projects prior to incurring expenditures related to the projects. In addition, the County Commission should enter into written agreements for all services which specify all duties to be performed and the compensation to be paid.

**AUDITEE'S RESPONSE**

*The County Commission indicated:*

- A. *They do make calls and comparisons for used equipment; however, the information is not always documented. The recommendation will be implemented immediately.*
- B. *The recommendation has been implemented.*

<b>2. General Fixed Assets Records and Procedures</b>
---

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. A review of the county's general fixed asset records revealed the general fixed asset records are not complete. Actual or estimated historical costs, acquisition dates, and dates and methods of disposition when applicable are not included for most items on the general fixed asset records. In addition, the general fixed asset records have not been updated since 1994 and do not include sheriff department vehicles or building improvements. Property tags have not been affixed to some county property.

Adequate general fixed asset records are necessary to secure better internal control over county property, meet statutory requirements, and provide a basis for determining proper insurance coverage required on county property. Physical inventories of county property are necessary to ensure the fixed asset records are accurate, identify any unrecorded additions and deletions, detect theft of assets, and identify obsolete assets.

Effective August 28, 1999, Section 49.093, RSMo Cumulative Supp. 1999, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate original value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

**WE RECOMMEND** the County Commission establish a written policy related to the handling and accounting for general fixed assets. In addition to providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property. In addition all general fixed assets should be tagged or identified as county-owned property.

### **AUDITEE'S RESPONSE**

*The County Commission indicated they will implement a general fixed asset policy by the end of December 2000.*

<b>3. Public Administrator Controls and Procedures</b>
--

The Public Administrator acts as the court appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing and accounting for the assets of those individuals. Annually, the Public Administrator is required to file an annual settlement with the probate court which reflects a detailed list of assets held as well as financial activity for the year. During the two years ended December 31, 1999, the Public Administrator had responsibility for approximately thirteen wards. Of these wards, three had assets exceeding \$450,000, \$250,000, and \$150,000, respectively. During our review we noted the following concerns:

- A. One estate has a promissory note receivable entered into in 1978, which provides for annual payments of \$15,000. According to the terms of the note, missed interest payments are to be added to the remaining balance due, on which future interest payments are calculated. When the Public Administrator was assigned the case in November 1997, the balance due on the note was unknown. The Public Administrator, his attorney and the mortgager determined the value of the note to be approximately \$47,600 in November 1997.

The Public Administrator's attorney prepared an amortization schedule of the note receivable, including payment history to date as well as remaining payment dates and amounts. During our review of the amortization schedule, it was noted that the mortgager did not make the principal or interest payments in 1985. It was also noted that the full amount of interest due in 1988 was not paid. In addition, half of the

required payment due in May 1997 was made in August, with the remainder being paid in December. In each of these instances, the unpaid interest was not added to the balance of the note, resulting in an understatement of the amount receivable to the ward's assets. The October 1999 annual settlement reflects a balance due on the promissory note of approximately \$27,900. However, as a result of the situations noted above, the balance of principal due should be approximately \$66,500, resulting in an understatement of estate assets of approximately \$38,600

Failure to maintain an accurate record of transactions related to the promissory note receivable could result in the loss of assets due to the estate.

- B. The Public Administrator receives 5% of income on the estates he handles as compensation for his duties. There is not a written policy identifying the types of monies received or transactions which should be considered as income. During our review we noted the Public Administrator inconsistently charges fees on various types of transactions and does not provide calculations of his fees to the Probate Court. Inconsistencies were noted for fees assessed on the sale of stock, nursing home insurance proceeds, promissory note receivable payments, and interest earned on certificates of deposit.

Without a written policy identifying the types of income subject to fees and a consistent application of fees, there is no assurance that estates are handled equitably or that fees are properly calculated.

- C. Investment ledgers are not maintained for the estates which have a significant amount of invested funds and, as a result, some annual settlements do not accurately present investment transactions or balances.

An investment ledger would allow the Public Administrator to more easily monitor a client's investment portfolio and provide the necessary information to report on the annual settlement.

- D. On one annual settlement reviewed, twenty-four bank accounts and CD's totaling \$407,660 were not accounted for separately, but were reported as total amounts. Section 475.270(3) RSMo 1994, requires a detailed listing of the accounts in which estate funds are held and their respective balances.

**WE RECOMMEND** the Public Administrator:

- A. Ensure the balance on the promissory note is accurately stated on the annual settlement. In addition, the balance due should be calculated based upon the terms provided in the promissory note.
- B. Work with the Associate Circuit Judge to develop written guidelines that identify receipts or transactions on which fees are to be paid. Written documentation of fee

calculations should be prepared and maintained for all annual settlements and submitted to the Probate court for approval. In addition, the Associate Circuit Judge should evaluate the inconsistencies noted above and determine if reimbursement of fees is due from the Public Administrator to the estates.

- C. Maintain an investment ledger for estates having invested funds.
- D. Include on annual settlements a detailed listing of all bank accounts in which estate funds are held and their respective balances, as required by state law.

### **AUDITEE RESPONSE**

- A. *The Associate Circuit Judge indicated he wants to discuss this issue with the Public Administrator, Attorney, and Mortgager and will decide on a balance due. The Associate Circuit Judge indicated he agrees the auditors had to compute the balance due according to the terms of the note; however, there have probably been verbal changes to the note throughout the years that will have to be considered. The Public Administrator indicated he will work with the Associate Circuit Judge to resolve this issue.*
- B. *The Associate Circuit Judge indicated he will develop some guidelines, but he looks at reasonableness of fees which is what the law requires. The Public Administrator indicated he will work with the Associate Circuit Judge to develop guidelines related to fees.*
- C. *The Public Administrator indicated he has implemented the recommendation and is maintaining a listing of certificates of deposits and other investments.*
- D. *The Public Administrator indicated he will implement the recommendation.*

<b>4. County Collector Controls and Procedures</b>
--

During the two fiscal years ended February 29, 2000, the County Collector's office collected approximately \$6.8 million in property taxes. The County Collector has a fiduciary responsibility to ensure all monies in his custody are accounted for properly. During our review of the County Collector's office we identified the following weaknesses:

- A. A change report, which reflects changes to tax records, is not generated by the County Collector. As a result, after a change is made to a tax record there is no record of the information previously in the file. This reduces control over the collection of taxes and could result in a misstatement of collections or delinquent taxes going undetected.
- B. Partial payments received by check are cashed by the County Collector and retained in the County Collector's vault until full payment is received. As of January 20, 2000, the County Collector held over \$2,000 in cash for partial payments. These

payments had not been receipted or logged in any manner. The County Collector documents the monies received by keeping the payments in separate envelopes with the taxpayers' names written on the envelope.

To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, all monies received should be recorded and deposited intact daily or when accumulated receipts exceed \$100.

- C. Additions and abatements of property taxes are not approved by the County Commission as they occur. The County Assessor verbally notifies the County Collector when real and personal property needs to be added or deleted from the tax books. The County Collector adds and abates at the end of his fiscal year without approval of the County Commission. Upon bringing this to the attention of the County Collector, he presented a list of additions and abatements to the County Commission for approval.

Section 137.260, RSMo 1994, requires that the tax book only be changed by the Clerk of the County Commission under order of the County Commission. For the County Commission to properly monitor additions and abatements, each should be approved by the County Commission periodically throughout the year. Failure to properly monitor additions and abatements could result in the loss of funds being detected on a timely basis.

Condition A was noted in the prior two reports.

**WE RECOMMEND** the County Collector:

- A. And County Commission review the possibility of generating periodic change reports. In addition, the change reports should be reviewed by an independent party and any unusual items investigated.
- B. Record all monies received for partial payments and deposit intact daily. The record of partial payments could be used to identify the reconciled bank balance.
- C. And County Commission ensure addition and abatement court orders be prepared by the Assessor's office, retained by the County Clerk, and periodically reconciled to the property tax books. The County Commission should review and approve all additions and abatements on a timely basis and the County Clerk should make the necessary changes to the tax books.

**AUDITEE'S RESPONSE**

*The County Collector:*

- A. *Indicated he will discuss this with the computer programmer before the 2000 tax season. The County Commission indicated they will work with the County Collector on this matter.*
- B. *Has implemented the recommendation.*
- C. *Will ensure the County Commission signs off on additions and abatements at the end of the year. There are not usually many additions and abatements throughout the year. The County Collector will discuss with the Assessor the possibility of providing written documentation of abatements and additions.*

This report is intended for the information of the management of Shelby County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

SHELBY COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Shelby County, Missouri, on findings in the Management Advisory Report (MAR) of our prior audit report issued for the three years ended December 31, 1997. Finding number 1.B is omitted since the related follow-up appears in an earlier section of this report. The prior recommendations which have not been implemented have been repeated in the current MAR.

1. County Procedures

- A. Bids were not always solicited nor was bid documentation always retained for various purchases made by the county.

Recommendation:

- A. The County Commission solicit bids for all items in accordance with state law. Documentation of bids solicited and justification for bid awards should be maintained by the County Clerk. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

Status:

- A. Not implemented. See MAR No. 1.

2. County Collector's Controls and Procedures

- A. The County Collector did not document monthly bank reconciliations or reconciliations between the cash balance and the monthly statement of collections and other monies which were undistributed.
- B. Monies received were not deposited intact. Checks were deposited daily; however, some cash was deposited and some was retained as part of the County Collector's change fund.
- C. A change report which reflected changes to tax records was not generated by the County Collector.

Recommendation:

The County Collector:

- A. Perform and document monthly bank reconciliations between bank balance, cash balances and monthly statements of collections. Any unreconciled differences should be investigated and resolved in a timely manner.
- B. Maintain the change fund on an imprest basis and deposit all receipts intact. Checks for cash should not be accepted.
- C. And the County Commission review the possibility of generating periodic change reports. In addition, the change reports should be reviewed by an independent party and any unusual items investigated.

Status:

- A. Implemented.
- B. Partially implemented. The new County Collector maintains the change fund on an imprest basis and personal checks are not cashed. Receipts are deposited intact with the exception of partial payments which are held until the full amount is received. See MAR No.4.
- C. Not implemented. See MAR No. 4.

3. General Fixed Asset Records and Procedures

- A. The general fixed asset records were not complete.
- B. An independent physical inventory was not performed.
- C. The County Clerk did not ensure property tags were placed on fixed assets.

Recommendation:

The County Clerk:

- A. Record all property additions and deletions in the general fixed asset records as they occur. The County Clerk should ensure the fixed asset records include the original cost, acquisition date, and date and method of disposition for all assets.
- B. Perform an annual physical inventory of county-owned property and reconcile additions on the inventory listings to equipment purchases.

C. Ensure all general fixed assets are tagged or identified as county-owned property.

Status:

Not implemented. See MAR No. 2.

4. Sheriff's Controls and Procedures

A. Receipts were not deposited intact.

B. Transactions for which a receipt was not issued were not recorded in the cash control ledger. In addition, receipts were not posted to the cash control ledger on a timely basis.

C. Receipt slips were not issued for some monies received.

Recommendation:

The Sheriff:

A. Deposit receipts intact on a daily basis or when accumulated receipts exceed \$100.

B. Ensure the cash control register is accurate and complete and that all receipts are recorded on a timely basis.

C. Ensure that receipt slips are issued for all monies received.

Status:

Implemented.

5. Circuit Clerk's Records

The method of payment was not documented on the one-write cash control ledger.

Recommendation:

The Circuit Clerk ensure the method of payment is indicated in the accounting records and reconcile the composition of receipts to the composition of deposits.

Status:

Implemented.

6. Prosecuting Attorney's Records

The Prosecuting Attorney issued receipt slips for cash receipts only.

Recommendation:

The Prosecuting Attorney ensure official prenumbered receipt slips are issued for all monies received.

Status:

Implemented.

STATISTICAL SECTION

History, Organization, and  
Statistical Information

SHELBY COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1835, the county of Shelby was named after Isaac Shelby, Governor of Kentucky. Shelby County is a county-organized, third-class county and is part of the 41st Judicial Circuit. The county seat is Shelbyville.

Shelby County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Shelby County received its money in 1999 and 1998 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 375,305	22	361,132	21
Sales and use taxes	455,008	27	377,419	21
Federal and state aid	637,239	37	821,204	47
Fees, interest, and other	237,389	14	192,792	11
Total	\$ 1,704,941	100	1,752,547	100

The following chart shows how Shelby County spent monies in 1999 and 1998 from the General Revenue and Special Road and Bridge Funds:

USE	1999		1998	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 398,365	27	407,081	22
Public safety	351,401	23	353,472	20
Highways and roads	749,529	50	1,053,346	58
Total	\$ 1,499,295	100	1,813,899	100

The county maintains approximately 69 county bridges and 601 miles of county roads.

The county's population was 7,906 in 1970 and 6,942 in 1990. The following chart shows the county's change in assessed valuation since 1970:

	Year Ended December 31,				
	1999	1998	1985*	1980**	1970**
	(in millions)				
Real estate	\$ 41.9	41.0	34.9	20.4	14.7
Personal property	18.8	18.9	10.2	8.4	5.6
Railroad and utilities	6.7	6.5	7.0	3.4	3.3
Total	\$ 67.4	66.4	52.1	32.2	23.6

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Shelby County's property tax rates per \$100 of assessed valuations were as follows:

	Year Ended December 31,	
	1999	1998
General Revenue Fund	\$ 0.30	0.30
Special Road and Bridge Fund*	0.35	0.35
Health Center Fund	0.15	0.15

\* The county retains all tax proceeds from areas not within road districts. The county has 1 road district that receives four-fifths of the tax collections from property within this district, and the Special Road and Bridge Fund retains one-fifth.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

	Year Ended February 28,	
	2000	1999
State of Missouri	\$ 19,528	18,982
General Revenue Fund	195,468	188,259
Special Road and Bridge Fund	245,970	238,736
Assessment Fund	36,760	35,631
Surtax	74,080	71,655
Health Center Fund	96,658	93,955
Nursing Home Districts Fund	107,908	104,880
School districts	2,280,914	2,202,085
Ambulance district	161,466	156,928
Fire protection district	650	583
County Employee Retirement Fund	18,288	16,911
Cities	128,689	128,211
Drainage District	2,185	2,419
Other	6,371	5,491
Commissions and Fees:		
General Revenue Fund	49,328	48,678
County Collector	45	41
Total	\$ <u>3,424,308</u>	<u>3,313,445</u>

Percentages of current taxes collected were as follows:

	Year Ended February 28,	
	2000	1999
Real estate	95.7 %	96.2 %
Personal property	93.3	92.6
Railroad and utilities	100.0	92.5

Shelby County also has the following sales and use taxes; rates are per \$1 of retail sales:

	Rate	Expiration Date	Required Property Tax Reduction
General	\$ .0050	none	50 %
General	.0050	none	0
Emergency 911	.0050	none	0
Local option	.0150	none	0

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2000	1999	1998
County-Paid Officials:			
Chuck Wood, Presiding Commissioner	\$	19,584	
Gary Million, Presiding Commissioner			12,730
Jerry Conrad, Associate Commissioner		17,000	12,730
James Mettes, Associate Commissioner		17,000	12,730
Denice Mefford, County Clerk		26,889	
Betsy Milner, County Clerk		2,445	24,689
Steven Raymond, Prosecuting Attorney		34,298	
James McConnell, Prosecuting Attorney			27,597
Art Cullifer, Sheriff		34,000	34,000
Carole Simpson Burton, County Treasurer		20,252	15,344
Glenn (Pete) Greening, County Coroner		5,500	5,500
Howard Platz, Public Administrator *		23,803	17,591
Tom Daniels, County Collector **, year ended February 28(29),	29,888		
Leroy Adams, County Collector **, year ended February 28,		25,727	
Billy Gibson, County Assessor ***, year ended August 31,		34,900	34,900
Harold Crane, County Surveyor ****		0	0

\* Includes fees received from probate cases.

\*\* Includes \$45 and \$41, respectively, of commissions earned for collecting drainage district assessments.

\*\*\* Includes \$900 annual compensation received from the state.

\*\*\*\* Compensation on a fee basis.

State-Paid Officials:

Rosalie Shively, Circuit Clerk and Ex Officio Recorder of Deeds		44,292	
Chuck Wood, Circuit Clerk and ExOfficio Recorder of Deeds			42,183
Gary G. Wallace, Associate Circuit Judge		87,235	
Dan Bollow, Associate Circuit Judge			85,158

A breakdown of employees (excluding the elected officials) by office at December 31, 1999, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds	1	2 *
County Clerk	2 *	0
Prosecuting Attorney	1	0
Sheriff	11 **	0
County Collector	1 *	0
County Assessor	2	0
Associate Division	0	1
Probate Division	0	1
Road and Bridge	11 *	0
Health Center	13 **	0
Total	<u>42</u>	<u>4</u>

\* includes one part-time employee

\*\* includes two part-time employees

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Shelby County's share of the 41st Judicial Circuit's expenses is 31.15 percent.